

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION, :
Plaintiff, :
-v- : No. 16-cv-6848 (DLI)(VMS)
PLATINUM MANAGEMENT (NY) LLC; :
PLATINUM CREDIT MANAGEMENT, L.P.; :
MARK NORDLICHT; :
DAVID LEVY; :
DANIEL SMALL; :
URI LANDESMAN; :
JOSEPH MANN; :
JOSEPH SANFILIPPO; and :
JEFFREY SHULSE, :
Defendants. :
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**DECLARATION OF BART M. SCHWARTZ IN SUPPORT OF APPLICATION
TO APPROVE RECEIVER'S FEES AND TO RETAIN GUIDEPOST SOLUTIONS LLC**

I, Bart M. Schwartz, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am a member of the bar of this Court, and am the Court-appointed Receiver for defendant Platinum Credit Management, L.P. and certain related entities (collectively, the “Receivership Entities”).

2. I make this declaration in support of my Application for an Order Approving Receiver's Fees and the Retention of Guidepost Solutions LLC *Nunc Pro Tunc* to the Appointment Date (the “Application”). All capitalized terms used in this declaration, unless otherwise defined herein, shall have the meanings ascribed to such terms in the Application.

3. I am the Chairman of Guidepost Solutions LLC (“Guidepost”) and I wish to retain Guidepost to support me and help me discharge the powers and duties assigned to me under the Receiver Order.

4. The work contemplated by the Receiver Order is extensive: beyond managing the

day-to-day operation of entities in which the Receivership Entities invested hundreds of millions of dollars, overseeing a forensic accounting of the flow of funds into and out of the Receivership Entities, responding to investor inquires, and conducting a wind down of the Receivership Entities, I have been tasked with generating multiple reports, including a Liquidation Plan and Quarterly Status Reports, and overseeing potential litigation to recover, collect, and take into possession all Receivership Property.

5. Subject to Court approval, Guidepost will render professional services to the Receiver, including, but not limited to, the following:

- (a) To advise and assist me in performing and exercising my rights, powers, duties, and obligations under the Receiver Order;
- (b) To assist me in reviewing and analyzing the books and records of the Receivership Entities;
- (c) To advise and assist me in connection with managing, controlling, operating, and maintaining the Receivership Entities;
- (d) To advise and assist me in the review and analysis of any financial issues incident to any proposed sale or other disposition of property owned by the Receivership Entities;
- (e) To advise and assist me in connection with the actual or potential sale, collection, or other disposition of or transaction involving any Receivership Entity assets and the closing of any such transactions;
- (f) To advise and assist me and my counsel in any investigation, litigation, deposition, examination, and document production as may be held or conducted in connection discharging my duties as Receiver;

(g) To provide advice, support, and assistance to me with respect to the proper receipt, disbursement, and accounting of funds from the sale or other disposition of any property owned by the Receivership Entities;

(h) To advise and assist me and my counsel in connection with any affirmative litigation to recover funds paid by any Receivership Entity or to recover damages sustained by any Receivership Entity;

(i) To perform any and all other financial services necessary or desirable to assist and support me in the performance and exercise of my rights, remedies, powers, duties, and responsibilities under the Receiver Order.

6. As provided in Paragraph 50 of the Receiver Order, I am entitled to “reasonable compensation and expense reimbursement,” subject to the SEC Billing Instructions. I seek the Court’s approval to be compensated at a rate of \$600 per hour. My normal hourly rate is revised regularly, and for this calendar year is \$850 per hour. Previously, when I performed work on behalf of Platinum as the Independent Oversight Advisor (see ¶¶ 10-12 below) my hourly rate was \$725. As a public service, I am requesting to be compensated at a discounted rate of \$600 per hour, representing a 17.2% discount off of my prior \$725 per hour rate, and a 29.4% discount off of my regular rate for services this calendar year. I will charge for expenses in the same manner that Guidepost will charge for expenses. See ¶ 9.

7. Subject to the Court’s approval, Guidepost will charge for its professional services at hourly rates equal to Guidepost’s rates in effect each year for matters of this type, less a public service discount of ten percent (10%), and for reimbursement of all costs and expenses incurred in connection with this action, subject to the SEC’s Receivership Billing Instructions.

8. The 2017 hourly rates for the professionals likely to assist me in my duties and

those rates at a 10 percent (10%) public service discount are set forth in Exhibit 1, attached hereto. This list of professionals is intended to be a representative, but not definitive, listing of individuals who may provide services in relation to this matter. Additional Guidepost professionals may be used in this engagement to provide services in the most efficient manner possible. In the normal course of its business, Guidepost revises its hourly rates on an annual basis, and the hourly rates reflected in the Application and this declaration are the rates Guidepost has adopted for matters of this type for services to be provided during calendar year 2017.

9. In addition to the fees set forth above, Guidepost customarily charges its clients for all costs and expenses reasonably incurred, including phone charges, bulk mail and express mail charges, special or hand delivery charges, photocopying charges, travel expenses, research expenses, and other reasonable costs incurred. Guidepost will charge the Receiver for these costs and expenses at its standard rates, but not in excess of actual costs, subject to the SEC Receivership Billing Instructions.

10. Guidepost maintains records of its previous work for its clients. Guidepost has searched its records with respect to any potential adverse interests and determined that there are no such interests other than a receivable of \$275,624.84 owed to Guidepost by certain Receivership Entities. Specifically, prior to my appointment as Receiver, in June 2016, the Federal Bureau of Investigation executed a search warrant at Platinum Management's offices, and the U.S. Attorney's Office for the Southern District of New York filed criminal charges against Murray Huberfeld, who participated in the management of Platinum Management and its related funds. These charges were brought in connection with an alleged bribery scheme, where Huberfeld is alleged to have paid kickbacks to a New York City Correction Officer's Union official to obtain the union's retirement fund investments. On July 18, 2016, following consultations between the

SEC and counsel for Platinum Management, Platinum Credit, and Platinum Liquid Opportunity Management (NY) LLC (collectively with their related funds the “Platinum Entities”), the Platinum Entities retained Guidepost as an “Independent Oversight Advisor.” In that capacity, Guidepost advised the Platinum Entities as to the orderly management and disposition of the assets of the Funds and related matters, reviewed certain proposed transactions, counseled the Platinum Entities regarding regulatory and compliance matters, and communicated with the SEC and other interested parties regarding Guidepost’s concerns about the Platinum Entities, among other things.

11. Guidepost has disclosed the information set forth in Paragraph 10 to the SEC, and information related to this previous retention was included as Exhibit 10 to the Document Declaration of Jess Velona in Support of Emergency Application for an Order to Show Cause, Temporary Restraining Order, Preliminary Injunction, Appointment of a Receiver, and Other Relief [Docket No. 1-16].

12. Guidepost will be paid the \$275,624.84 it is owed for services it rendered as the Independent Oversight Advisor to the Platinum Entities at earliest as an ordinary creditor pursuant to the Liquidation Plan. The SEC is aware of and consents to this arrangement.

13. As represented to me by my proposed counsel, Cooley LLP, both the SEC and the Restraining Order Defendants consent to the retention of Guidepost. Cooley LLP also sought the consent of the other defendants who have appeared in this case. Defendants Daniel Small, Joseph SanFilippo, and Jeffrey Shulse consent to the Application. Defendants David Levy and Joseph Mann requested more detail regarding the Application, which they were provided, and neither consented nor objected to the Application at the time of filing. Defendant Uri Landesman did not respond to communications regarding the Application.

14. Guidepost will assist me in my capacity as Receiver with the understanding that

Guidepost will be compensated at the discounted hourly rates that are scheduled and attached to this declaration as Exhibit 1 and incorporated herein by reference, and will be reimbursed for reasonable and necessary out-of-pocket expenses, subject to the SEC Receivership Billing Instructions. Guidepost understands that all such compensation and reimbursement is subject to Court approval upon appropriate application.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: New York, NY
January 31, 2017

A handwritten signature in blue ink that reads "Bart M. Schwartz". The signature is fluid and cursive, with "Bart" and "M." being more stylized and "Schwartz" being more clearly legible.

Bart M. Schwartz

EXHIBIT 1

Professional Rate Chart

NAME	STANDARD RATE	DISCOUNTED RATE (17.2%)
Bart M. Schwartz	\$725.00*	\$600.00
NAME	STANDARD RATE	DISCOUNTED RATE (10%)
Robert P. Ritterreiser	\$725.00	\$652.50
Daniel Burstein	\$675.00	\$607.50
Anthony Collura	\$650.00	\$585.00
Michael D. Klett	\$600.00	\$540.00
Mark Chersevani	\$450.00	\$405.00
Talia Cohen	\$350.00	\$315.00
Douglas Chin	\$200.00	\$180.00

*Represents the hourly rate of Bart M. Schwartz when he commenced services as Platinum's Independent Oversight Advisor in 2016.